



## OFFICE OF PUBLIC INSTRUCTION

PO BOX 202501  
HELENA MT 59620-2501  
www.opi.mt.gov  
(406) 444-3095  
(888) 231-9393  
(406) 444-0169 (TTY)

Linda McCulloch  
Superintendent

### Summary of School Funding Legislation 2007 Special Session May 15, 2007

Senate Bill 2 includes the following changes to school funding laws:

- Increases the basic and per-ANB entitlements by 2.76 percent in FY 2008 and by 3.0 percent in FY 2009. The basic and per-ANB entitlements are set as follows:

| Entitlement         | FY 2007   | FY 2008   | FY 2009   |
|---------------------|-----------|-----------|-----------|
| Elementary Basic    | \$20,718  | \$21,290  | \$21,929  |
| Middle School Basic | ---       | \$60,275  | \$62,083  |
| High School Basic   | \$230,199 | \$236,552 | \$243,649 |
| Elementary Per ANB  | \$4,456   | \$4,579   | \$4,716   |
| High School Per ANB | \$5,704   | \$5,861   | \$6,037   |

- Increases the quality educator payment to \$3,036 in FY 2008 and \$3,042 in FY 2009. Licensed social workers and licensed psychologists are added to the list of licensed professionals included in the quality educator payment, which is deposited in the district general fund.
- Provides state ANB funding for students enrolled in full-time kindergarten programs. A school district may offer a half-time (a minimum of 360 hours) or a full-time (a minimum of 720 hours) kindergarten program. If the district enrolls students in a full-time kindergarten program, full-time ANB funding will be provided. Schools must allow a parent to enroll a child half-time in a full-time kindergarten program.
- Allows the superintendent of public instruction to increase the ANB count for a district that is transitioning from half-time to full-time kindergarten. Kindergarten enrollment in the previous year is counted as full-time enrollment for determining ANB counts for the current year. OPI will use enrollment counts reported to OPI in October 2006 and February 2007 to determine kindergarten ANB for FY 2008. For the purpose of calculating the 3-year average ANB, one-half of the previous year's kindergarten enrollment will be added to the 3-year average ANB.
- Creates a mechanism for distributing a one-time only payment to elementary districts for start-up costs for full-time kindergarten. The money will be distributed based on kindergarten enrollment reported to OPI in FY 2007. To receive the money, a school district must indicate its intent to offer full-time kindergarten by FY 2012. For school districts that do not indicate their intent to offer full-time kindergarten by July 1, 2012,

*"It is the mission of the Office of Public Instruction to improve teaching and learning through communication, collaboration, advocacy, and accountability to those we serve."*

the money designated for these districts will revert to the state general fund. HB 2 appropriates \$10 million for distribution to elementary programs, which is estimated to be approximately \$971 per kindergarten student.

- Creates a basic entitlement for middle school and 7-8 grade programs and eliminates the weighted elementary basic entitlement that existed previously. An elementary district with an approved and accredited junior high school, 7-8 grade program, or middle school will receive a basic entitlement for the K-6 program of \$21,290 and a basic entitlement for its 7-8 grade program of \$60,275 in FY 2008. The total basic entitlement for the elementary district with an approved and accredited junior high school, 7-8 grade program, or middle school is \$81,565 in FY 2008. An elementary district that offers a K-8 elementary program will receive \$21,290.
- Defines one-quarter enrollment for ANB purposes to be 180 to 359 aggregate hours of pupil instruction. The previous definition was based on 181 to 359 hours.
- Increases the percentage of the statewide taxable valuation included in the calculation of the “statewide GTB ratio” from 175% to 193% effective for the FY 2008 school year. The number of school districts eligible for guaranteed tax base aid is estimated to increase from 306 to 323 as a result of this change.
- Limits the expenditure of the Indian Education for All payment to curriculum development, providing curriculum materials to students, and providing training to teachers about the curriculum and materials. Requires school districts to file an annual report to OPI that specifies how the Indian Education for All funds were expended.
- Creates a mechanism for distributing a one-time only payment for Indian Education for All on a per-ANB basis with a minimum of \$500 per district. HB 2 appropriates \$1.5 million per year to be distributed to schools’ miscellaneous programs fund for Indian Education for All.
- Creates a mechanism for distributing a one-time only payment to school districts of up to \$30 million in FY 2008 for capital investment and deferred maintenance. School districts must deposit the money in the miscellaneous programs fund. The money must be spent by the end of FY 2017 to avoid reversion to the state.
- This funding will be distributed per school unit, which is defined as 800 ANB for a high school district; 250 ANB for the K-6 ANB of an elementary district with an approved 7-8 grade program, junior high school or middle school; 250 ANB for the K-8 ANB of an elementary district without an approved 7-8 grade program, junior high school or middle school; and 450 ANB for the 7-8 grade ANB of an elementary district with an approved 7-8 grade program, junior high school or middle school. The number of school units for a district is determined using current year ANB. It is estimated that there will be 878.4 school units in FY 2008.

- The amount that will be distributed to schools is the amount by which the unaudited general fund revenue in FY 2007 exceeds the revenue estimate of \$1,762,355,000. The total appropriation for the school unit payment is limited to \$30 million. At \$30 million, the school unit payment is estimated to be \$33,948 per school unit in FY 2008. The amount of money available for distribution to schools is expected to be known in August 2007. The money will be distributed to school districts on the same schedule as direct state aid.
- Creates a school facility account in the state special revenue fund to provide money to schools to implement the recommendations of the school facility condition and needs assessment and energy audit that will be completed in July 2008. The money will not be distributed to schools in the 2009 biennium. The purpose of the account is to set aside money for major deferred maintenance; improving energy efficiency in school facilities; and critical infrastructure in school districts. The source of revenue for the school facility account is mineral royalties from production on school trust lands. The amount of revenue to be deposited in the account is estimated to be \$52 million by the end of FY 2010, after which the mineral royalties will once again be deposited in the permanent school trust fund.
- Creates a quality educator loan assistance program, administered by the board of regents, to assist educators in the repayment of educational loans in an amount of up to \$3,000 annually for four years. The loan assistance is available to educators and licensed professionals who are:
  - employed in the K-12 public school system, including school districts, special education cooperatives, the Montana School for the Deaf and Blind, the Montana Youth Challenge Program, and state youth correctional facilities; and
  - teaching in a school and subject area that are impacted by critical quality educator shortages as recommended by the Office of Public Instruction and approved by the Board of Public Education.
- Revises the Governor's postsecondary scholarship program to provide scholarships on the basis of need and merit to Montana residents towards the cost of attending 2-year and 4-year postsecondary institutions and to allocate some of the scholarships to specific areas of study that promote economic development or address critical workforce shortage areas in Montana.

House Bill 2 appropriates funding for schools in addition to the amounts listed above:

- HB 2 appropriates \$1.25 million in each year of the 2009 biennium for gifted and talented programs. Of this amount, \$250,000 is on-going funding and \$1 million is one-time only. The funds will be distributed through an application process in the same manner that gifted and talented funding is currently distributed.
- HB 2 provides inflationary increases for special education at a rate of 2.76 percent in FY 2008 and 3.0 percent in FY 2009. The total appropriation for special education is \$40.434 million for FY 2008 and \$41.647 million for FY 2009.

- HB 2 appropriates \$5 million in each year of the 2009 biennium for the at-risk payment, which is deposited into the district general fund.
- HB 2 provides funding for expenditures outside of the school district general fund, including state reimbursements for pupil transportation, school facility reimbursements, secondary vocational education, adult basic education, in-state treatment, school foods, and traffic safety. It also provides revenues to schools to offset property taxes through HB 124 block grants and state tuition payments.